

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

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**SENATE BILL 744
Appropriations/Base Budget Committee Substitute Adopted 5/29/14
Finance Committee Substitute Adopted 5/29/14
Pensions & Retirement and Aging Committee Substitute Adopted 5/29/14
Third Edition Engrossed 5/31/14
PROPOSED HOUSE COMMITTEE SUBSTITUTE S744-CSLBxf-126 [v.3]**

Short Title: Appropriations Act of 2014 - Finance.

(Public)

Sponsors:

Referred to:

May 15, 2014

A BILL TO BE ENTITLED
AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS
OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER
PURPOSES.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

TITLE OF ACT

SECTION 1.1. This act shall be known as "The Current Operations and Capital
Improvements Appropriations Act of 2014."

PART VI. GENERAL PROVISIONS

ESTABLISHING OR INCREASING FEES UNDER THIS ACT

SECTION 6.2.(a) Notwithstanding G.S. 12-3.1, an agency is not required to
consult with the Joint Legislative Commission on Governmental Operations prior to
establishing or increasing a fee to the level authorized or anticipated in this act.

SECTION 6.2.(b) Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an
emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized
by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter
150B of the General Statutes.

PART XI. UNIVERSITIES

UNC FACULTY TUITION WAIVER

SECTION 11.9.(a) G.S. 116-143(d) reads as rewritten:

"(d) Notwithstanding the above provision relating to the abolition of free tuition, the
Board of Governors of The University of North Carolina may, in its discretion, provide
regulations under which a full-time faculty member of the rank of full-time instructor or above,
and any full-time staff member of The University of North Carolina may during the period of
normal employment enroll for not more than ~~two~~ three courses per year in The University of



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North Carolina free of charge for ~~tuition~~, tuition and fees, provided such enrollment does not interfere with normal employment obligations and further provided that such enrollments are not counted for the purpose of receiving general fund appropriations."

SECTION 11.9.(b) This section applies to the 2014-2015 fall academic semester and each subsequent academic semester.

UNC SET NONRESIDENT TUITION RATES

SECTION 11.18. Notwithstanding the provisions of S.L. 2013-360, the Board of Governors of The University of North Carolina may set nonresident undergraduate tuition rates for the 2014-2015 fiscal year at any level deemed appropriate by the Board of Governors; however, the systemwide total in new tuition receipts due to these changes must be at least twenty-seven million two hundred forty-three thousand one hundred fifty-seven dollars (\$27,243,157) for the 2014-2015 fiscal year.

PART XII. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Requested by: Representative

INCREASED FEE FOR PRIVATE WELL-WATER TESTING

SECTION 12E.3.(a) G.S. 130A-5(16) reads as rewritten:

"(16) To charge a fee of up to ~~fifty-five dollars (\$55.00)~~ seventy-four dollars (\$74.00) for analyzing private well-water samples sent to the State Laboratory of Public Health by local health departments. The fee shall be imposed only for analyzing samples from newly constructed and existing wells. The fee shall be computed annually by the Director of the State Laboratory of Public Health by analyzing the previous year's testing at the State Laboratory of Public Health, and applying the amount of the total cost of the private well-water testing, minus State appropriations that support this effort. The fee includes the charge for the private well-water panel test kit."

SECTION 12E.3.(b) Subsection (a) of this section becomes effective July 1, 2014, and applies to private well-water samples analyzed on or after that date.

Requested by: Representative

1915(C) INNOVATIONS WAIVER SERVICES ASSESSMENT

SECTION 12H.18.(a) If (i) federal law or regulation is amended to allow the imposition of assessments on 1915(c) North Carolina Innovations Waiver (formerly Community Alternatives Program for Persons with Mental Retardation/Developmental Disabilities (CAP-MR/DD)) services or such assessments are otherwise allowed by the Centers for Medicare & Medicaid Services (CMS) through waivers and (ii) the providers of such services are willing to participate in an assessment program, then the Department of Health and Human Services, Division of Medical Assistance, may implement a Medicaid assessment program for such services up to the maximum percentage allowed by federal regulation. The Department may retain up to sixty-five percent (65%) of the amount from such an assessment program to support Medicaid expenditures. The Department shall amend contracts with local management entities that have been approved to operate as managed care organizations (LME/MCOs) to ensure that any assessment funds not retained by the Department are used to increase LME/MCO capitation rates and that the additional amounts are passed along to the providers of Innovations Waiver service providers through increased reimbursement rates.

SECTION 12H.18.(b) The authorization provided to the Department under subsection (a) of this section to impose a new assessment program on Innovations Waiver services shall continue to exist until July 1, 2017. If an assessment program has not been established by July 1, 2017, then this section expires.

PART XIII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**STATE FAIR ADMISSION**

SECTION 13.2.(a) G.S. 150B-1(d) is amended by adding a new subdivision to read:

"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

...
(26) The Board of Agriculture in the Department of Agriculture and Consumer Services with respect to annual admission fees for the State Fair. The Board shall annually post the admission fee schedule on its Web site and provide notice of the fee schedule, along with a citation to this section, to all persons named on the mailing list maintained pursuant to G.S. 150B-21.2(d)."

SECTION 13.2.(b) This section is effective when it becomes law.

INCREASE FEES ASSOCIATED WITH NATIONAL POULTRY IMPROVEMENT PLAN

SECTION 13.11. G.S. 106-543 reads as rewritten:

"§ 106-543. Requirements of national poultry improvement plan must be met.

(a) All baby chicks, turkey poults and hatching eggs produced, sold or offered for sale shall originate in flocks that meet the requirements of the national poultry improvement plan as administered by the North Carolina Department of Agriculture and Consumer Services and the regulations issued by authority of this Article for the control of pullorum disease and other infectious diseases provided that nothing in this Article shall require any hatchery to adopt the national poultry improvement plan.

(b) The Department of Agriculture and Consumer Services shall charge the following fees for certification in the national poultry improvement plan:

(1) An initial certification fee of fifty dollars (\$50.00), plus ten cents (10¢) per bird.

(2) An annual recertification fee of ten dollars (\$10.00), plus ten cents (10¢) per bird."

FEES FOR FOREST MANAGEMENT PLANS

SECTION 13.13.(a) Article 83 of Chapter 106 of the General Statutes is amended by adding a new section to read:

"§ 106-1013.1. Forest management plans.

The Commissioner shall charge landowners the following fee for preparation of forest management plans:

(1) Two hundred fifty dollars (\$250.00) for plans for tracts of land of less than 20 acres.

(2) Five hundred dollars (\$500.00) for plans for tracts of land of 20 acres or more and less than 50 acres.

(3) Seven hundred fifty dollars (\$750.00) for plans for tracts of land of 50 acres of more."

SECTION 13.13.(b) This section becomes effective July 1, 2014, and applies to forest management plans prepared on or after that date.

PART XIV. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**COMMERCIAL FISHING LICENSES**

1 **SECTION 14.9.(a)** The General Assembly finds that additional funding is
2 necessary to support the Division of Marine Fisheries' At-Sea Observer Program and for the
3 continued viability of the commercial fishing industry in North Carolina.

4 **SECTION 14.9.(b)** G.S. 113-168.2 reads as rewritten:

5 **"§ 113-168.2. Standard Commercial Fishing License.**

6 ...
7 (e) Fees. – The annual SCFL fee for a resident of this State shall be ~~two hundred fifty~~
8 ~~dollars (\$250.00).~~ four hundred dollars (\$400.00). The annual SCFL fee for a person who is not
9 a resident of this State shall be the amount charged to a resident of this State in the
10 nonresident's state. In no event, however, may the fee be less than ~~two hundred fifty dollars~~
11 ~~(\$250.00).~~ four hundred dollars (\$400.00). For purposes of this subsection, a "resident of this
12 State" is a person who is a resident within the meaning of:

- 13 (1) Sub-subdivisions a. through d. of G.S. 113-130(4) and who filed a State
14 income tax return as a resident of North Carolina for the previous calendar
15 or tax year, or
16 (2) G.S. 113-130(4)e.

17"

18 **SECTION 14.9.(c)** G.S. 113-168.3(b) reads as rewritten:

19 "(b) Eligibility; Fees. – Any individual who is 65 years of age or older and who is
20 eligible for a SCFL under G.S. 113-168.2 may apply for either a SCFL or RSCFL. An applicant
21 for a RSCFL shall provide proof of age at the time the application is made. The annual fee for a
22 RSCFL for a resident of this State shall be ~~one hundred twenty-five dollars (\$125.00).~~ two
23 hundred dollars (\$200.00). The annual fee for a RSCFL for a person who is not a resident of
24 this State shall be ~~one hundred sixty-two dollars and fifty cents (\$162.50).~~ two hundred sixty
25 dollars (\$260.00). For purposes of this subsection, a "resident of this State" is a person who is a
26 resident within the meaning of:

- 27 (1) Sub-subdivisions a. through d. of G.S. 113-130(4) and who filed a State
28 income tax return as a resident of North Carolina for the previous calendar
29 or tax year, or
30 (2) G.S. 113-130(4)e."

31 **SECTION 14.9.(d)** G.S. 113-169.2 reads as rewritten:

32 **"§ 113-169.2. Shellfish license for North Carolina residents without a SCFL.**

33 ...
34 (c) Fees. – Shellfish licenses issued under this section shall be issued annually upon
35 payment of a fee of ~~thirty-one dollars and twenty-five cents (\$31.25)~~ fifty dollars (\$50.00) upon
36 proof that the license applicant is a North Carolina resident.

37"

38 **SECTION 14.9.(e)** G.S. 113-169.3 reads as rewritten:

39 **"§ 113-169.3. Licenses for fish dealers.**

40 ...
41 (e) Application Fee for New Fish Dealers. – An applicant for a new fish dealer license
42 shall pay a nonrefundable application fee of ~~sixty-two dollars and fifty cents (\$62.50)~~ one
43 hundred dollars (\$100.00) in addition to the license category fees set forth in this section.

44 (f) License Category Fees. – Every fish dealer subject to licensing requirements shall
45 secure an annual license at each established location for each of the following activities
46 transacted there, upon payment of the fee set out:

- 47 (1) Dealing in oysters: ~~\$62.50.~~ \$100.00.
48 (2) Dealing in scallops: ~~\$62.50.~~ \$100.00.
49 (3) Dealing in clams: ~~\$62.50.~~ \$100.00.
50 (4) Dealing in hard or soft crabs: ~~\$62.50.~~ \$100.00.
51 (5) Dealing in shrimp, including bait: ~~\$62.50.~~ \$100.00.

(6) Dealing in finfish, including bait: ~~\$62.50.~~\$100.00.

(7) Operating menhaden or other fish-dehydrating or oil-extracting processing plants: ~~\$62.50.~~\$100.00.

(8) Consolidated license (all categories): ~~\$375.00.~~\$600.00.

...."

SECTION 14.9.(f) G.S. 113-169.5(b) reads as rewritten:

"(b) The fee for a land or sell license for a vessel not having its primary situs in North Carolina is ~~two hundred fifty dollars (\$250.00), four hundred dollars (\$400.00),~~ or an amount equal to the nonresident fee charged by the nonresident's state, whichever is greater. Persons aboard vessels having a primary situs in a jurisdiction that would allow North Carolina vessels without restriction to land or sell their catch, taken outside the jurisdiction, may land or sell their catch in the State without complying with this section if the persons are in possession of a valid license from their state of residence."

SECTION 14.9.(g) G.S. 113-173(f) reads as rewritten:

"(f) Duration; Fees. – The RCGL shall be valid for a one-year period from the date of purchase. The fee for a RCGL for a North Carolina resident shall be ~~forty-three dollars and seventy-five cents (\$43.75).~~ seventy dollars (\$70.00). The fee for a RCGL for an individual who is not a North Carolina resident shall be ~~three hundred twelve dollars and fifty cents (\$312.50).~~ five hundred dollars (\$500.00)."

SECTION 14.9.(h) G.S. 113-210 reads as rewritten:

"§ 113-210. Under Dock Oyster Culture.

...

~~(f) Fees.—Under Dock Oyster Culture Permit shall be issued annually upon payment of a fee of one hundred dollars (\$100.00).~~

(m) Advance Sale of Permits; Permit Revenue. – To ensure an orderly transition from one permit year to the next, the Division may issue a permit prior to July 1 of the permit year for which the permit is valid. Revenue that the Division receives for the issuance of a permit prior to the beginning of a permit year shall not revert at the end of the fiscal year in which the revenue is received and shall be credited and available to the Division for the permit year in which the permit is valid."

SECTION 14.9.(i) G.S. 143B-289.54 reads as rewritten:

"§ 143B-289.54. Marine Fisheries Commission – members; appointment; term; oath; ethical standards; removal; compensation; staff.

...

(g) Ethical Standards. –

(1) Covered persons. – All members of the Commission are covered persons for the purposes of Chapter 138A of the General Statutes and shall comply with the applicable requirements of that Chapter, including mandatory training, the public disclosure of economic interests, provisions for avoidance of conflicts of interest, and ethical standards for covered persons.

~~(1)(1a) Disclosure—Additional disclosure statements. – Any person under consideration for appointment to the Commission shall provide both a financial disclosure statement and a potential bias disclosure statement an additional disclosure statement to the Governor. A financial disclosure statement shall include statements of the nominee's financial interests in and related to State fishery resources use, licenses issued by the Division of Marine Fisheries held by the nominee or any business in which the nominee has a financial interest, and uses made by the nominee or by any business in which the nominee has a financial interest of the regulated resources. A potential bias disclosure statement shall include a statement of the nominee's membership or other affiliation with, including offices held, in societies,~~

~~organizations, or advocacy groups pertaining to the management and use of the State's coastal fishery resources.~~Governor, which shall include the following:

- a. The nominee's financial interests in and related to State fishery resources.
- b. Licenses issued by the Division of Marine Fisheries and Wildlife Resources Commission held by the nominee or any business in which the nominee has a financial interest.
- c. The nominee's membership in, affiliation with, or employment by any organization or group pertaining to the management or use of the State's fisheries or wildlife resources.

Disclosure statements shall be treated as public records under Chapter 132 of the General Statutes and shall be updated on an annual basis.

- (2) Voting/conflict of interest. – A member of the Commission shall not vote on any issue before the Commission that would have a "significant and predictable effect" on the member's financial interest. For purposes of this subdivision, "significant and predictable effect" means there is or may be a close causal link between the decision of the Commission and an expected disproportionate financial benefit to the member that is shared only by a minority of persons within the same industry sector or gear group. A member of the Commission shall also abstain from voting on any petition submitted by an advocacy group of which the member is an officer or sits as a member of the advocacy group's board of directors. A member of the Commission shall not use the member's official position as a member of the Commission to secure any special privilege or exemption of substantial value for any person. No member of the Commission shall, by the member's conduct, create an appearance that any person could improperly influence the member in the performance of the member's official duties.

- (3) Regular attendance. – It shall be the duty of each member of the Commission to regularly attend meetings of the Commission.

(h) Removal. – The Governor may remove, as provided in G.S. 143B-13, any member of the Commission for misfeasance, malfeasance, or nonfeasance. For purposes of this subsection, malfeasance shall include, but is not limited to, any of the following:

- (1) Any criminal conviction of a member for violation of any hunting or fishing laws of the State or rules promulgated by the Marine Fisheries Commission or Wildlife Resources Commission.
- (2) Any citation of a member or a company owned, in whole or in part, by the member for violation of any hunting or fishing laws of the State or rules promulgated by the Marine Fisheries Commission or Wildlife Resources Commission.

...."

SECTION 14.9.(j) Fifty percent (50%) of the fees collected under this section for the 2014-2015 and all subsequent fiscal years shall be used to support the At-Sea Observer Program.

SECTION 14.9.(k) It is the intent of the General Assembly to use the increase in fees authorized by this section for support of the At-Sea Observer Program and to study permissible ways to establish a fishing resource fund and entity charged with reviewing and cooperating in the approval of use of moneys from the fund.

SECTION 14.9.(l) Subsections (b), (c), (d), (e), (f), and (g) of this section are effective when they become law and apply to fees collected for the 2015-2016 and all succeeding license years.

NATURAL HERITAGE PROGRAM ONLINE ACCESS FEES

SECTION 14.13A.(a) Article 9A of Chapter 113A of the General Statutes is amended by adding the following new section to read:

"§ 113A-164.12. Access to information; fees.

(a) The Secretary may establish fees to defray the costs associated with any of the following:

(1) Responding to inquiries requiring customized environmental review services or the costs associated with developing, improving, or maintaining technology that supports an online interface for external users to access Natural Heritage Program data. The Secretary may reduce or waive the fee established under this subsection if the Secretary determines that a waiver or reduction of the fee is in the public interest.

(2) Any activity authorized under G.S. 113A-253(8e), including an inventory of natural areas conducted under the Natural Heritage Program, conservation and protection planning, and informational programs for owners of natural areas, as defined in G.S. 113A-164.3.

(b) Fees collected under this section are receipts of the Department of Environment and Natural Resources and shall be deposited in the Clean Water Management Trust Fund for the purpose of supporting the operations of the Natural Heritage Program."

SECTION 14.3A.(b) G.S. 113A-253(c)(8e) reads as rewritten:

"(8e) To authorize expenditures from the Fund not to exceed the sum of seven hundred fifty thousand dollars (\$750,000) and any fees collected under G.S. 113A-164.12 to pay for the inventory of natural areas conducted under the Natural Heritage Program established pursuant to the Nature Preserves Act, Article 9A of Chapter 113A of the General Statutes, and to pay for conservation and protection planning and for informational programs for owners of natural areas, as defined in G.S. 113A-164.3."

WILDLIFE LICENSING CHANGES

SECTION 14.25.(a) G.S. 113-270.3(b)(1b) reads as rewritten:

"(b) The special activity licenses and stamp issued by the Wildlife Resources Commission are as follows:

...

(1b) Bear Management Stamp – \$10.00. This electronically generated stamp must be procured before taking any bear within the State. Notwithstanding any other provision of law, a resident or nonresident individual may not take any bear within the State without procuring this stamp; provided, that those persons who have purchased a lifetime license established by G.S. 113-270.1D(b), 113-270.2(c)(2), or 113-351(c)(3) prior to July 1, 2014, and those persons exempt from the license requirements as set forth in ~~G.S. 113-276(e)~~ G.S. 113-276(c), G.S. 113-276(d), and G.S. 113-276(n) shall obtain this stamp free of charge. All of the revenue generated by this stamp shall be dedicated to black bear research and management."

SECTION 14.25.(b) G.S. 113-174.2 reads as rewritten:

"§ 113-174.2. Coastal Recreational Fishing License.

...

(c) Types of CRFLs; Fees; Duration. – The Wildlife Resources Commission shall issue the following CRFLs:

(1) Annual Resident CRFL. – \$15.00. This license is valid ~~for a period of one year from the date of issuance~~ from the date of issue for a period of 12

- months as defined by G.S. 113-270.1B(b) and G.S. 113-270.1B(c). This license shall be issued only to an individual who is a resident of the State.
- (1a) Annual Nonresident CRFL. – \$30.00. This license is valid ~~for a period of one year from the date of issuance.~~ from the date of issue for a period of 12 months as defined by G.S. 113-270.1B(b) and G.S. 113-270.1B(c). This license shall be issued only to an individual who is not a resident of the State.
- (2) Repealed by Session Laws 2005-455, s. 1.4, effective January 1, 2007.
- (3) Repealed by Session Laws 2005-455, s. 1.4, effective January 1, 2007.
- (4) Ten-Day Resident CRFL. – \$5.00. This license is valid for a period of 10 consecutive days, as indicated on the license. This license shall be issued only to an individual who is a resident of the State.
- (4a) Ten-Day Nonresident CRFL. – \$10.00. This license is valid for a period of 10 consecutive days, as indicated on the license. This license shall be issued only to an individual who is not a resident of the State.
- (5) Repealed by Session Laws 2005-455, s. 1.4, effective January 1, 2007.
- (6) Lifetime CRFLs. – Except as provided in sub-subdivision j. of this subdivision, CRFLs issued under this subdivision are valid for the lifetime of the licensee.
- a. –d. Repealed by Session Laws 2005-455, s. 1.4, effective January 1, 2007.
- e. Infant Lifetime CRFL. – \$100.00. This license shall be issued only to an individual younger than one year of age.
- f. Youth Lifetime CRFL. – \$150.00. This license shall be issued only to an individual who is one year of age or older but younger than 12 years of age.
- g. **(Effective until August 1, 2014)** Resident Adult Lifetime CRFL. – \$250.00. This license shall be issued only to an individual who is 12 years of age or older but younger than 65 years of age and who is a resident of the State.
- g. **(Effective August 1, 2014)** Resident Adult Lifetime CRFL. – \$250.00. This license shall be issued only to an individual who is 12 years of age or older but younger than 70 years of age and who is a resident of the State.
- h. Nonresident Adult Lifetime CRFL. – \$500.00. This license shall be issued only to an individual who is 12 years of age or older and who is not a resident of the State.
- i. **(Effective until August 1, 2014)** Resident Age 65 Lifetime CRFL. – \$15.00. This license shall be issued only to an individual who is 65 years of age or older and who is a resident of the State.
- i. **(Effective August 1, 2014)** Resident Age 70 Lifetime CRFL. – \$15.00. This license shall be issued only to an individual who is 70 years of age or older and who is a resident of the State.
- j. Resident Disabled Veteran CRFL. – \$10.00. This license shall be issued only to an individual who is a resident of the State and who is a fifty percent (50%) or more disabled veteran as determined by the United States Department of Veterans Affairs. ~~Affairs or as established by G.S. 113-351(c)(3)(f).~~ This license remains valid for the lifetime of the licensee so long as the licensee remains fifty percent (50%) or more disabled.

k. Resident Totally Disabled CRFL. – \$10.00. This license shall be issued only to an individual who is a resident of the State and who is totally and permanently disabled as determined by the Social Security ~~Administration~~ Administration or as established by G.S. 113-351(c)(3)(g).

...."

SECTION 14.25.(c) G.S. 113-173 reads as rewritten:

"§ 113-173. Recreational Commercial Gear License.

(f) Duration; Fees. – The RCGL shall be valid ~~for a one year period from the date of purchase~~ from the date of issue for a period of 12 months as defined by G.S. 113-270.1B(b) and G.S. 113-270.1B(c). The fee for a RCGL for a North Carolina resident shall be forty-three dollars and seventy-five cents (\$43.75). The fee for a RCGL for an individual who is not a North Carolina resident shall be three hundred twelve dollars and fifty cents (\$312.50).

...."

SECTION 14.25.(d) G.S. 113-351 reads as rewritten:

"§ 113-351. Unified hunting and fishing licenses; subsistence license waiver.

(a) Definitions. – The definitions set out in G.S. 113-174 apply to this Article.

(b) General Provisions Governing Licenses and Waivers. – The general provisions governing licenses set out in G.S. 113-174.1 apply to licenses and waivers issued under this section.

(c) Types of Unified Hunting and Fishing Licenses; Fees; Duration. – The Wildlife Resources Commission shall issue the following Unified Hunting and Fishing Licenses:

(1) Annual Resident Unified Sportsman/Coastal Recreational Fishing License. – \$55.00. This license is valid ~~for a period of one year from the date of issuance~~ from the date of issue for a period of 12 months as defined by G.S. 113-270.1B(b) and G.S. 113-270.1B(c). This license shall be issued only to an individual who is a resident of the State. This license authorizes the licensee to take all wild animals and wild birds, including waterfowl, by all lawful methods in all open seasons, including the use of game lands; to fish with hook and line for all fish in all inland fishing waters and joint fishing waters, including public mountain trout waters; and to engage in recreational fishing in coastal fishing waters.

(2) Annual Resident Unified Inland/Coastal Recreational Fishing License. – \$35.00. This license is valid ~~for a period of one year from the date of issuance~~ from the date of issue for a period of 12 months as defined by G.S. 113-270.1B(b) and G.S. 113-270.1B(c). This license shall be issued only to an individual who is a resident of the State. This license authorizes the licensee to fish with hook and line for all fish in all inland fishing waters and joint fishing waters, including public mountain trout waters, and to engage in recreational fishing in coastal fishing waters.

...."

SECTION 14.25.(e) G.S. 113-270.1D reads as rewritten:

"§ 113-270.1D. Sportsman licenses.

(a) Annual Sportsman License – \$50.00. This license shall be issued only to an individual resident of the State and entitles the licensee to take all wild animals and wild birds, including waterfowl, by all lawful methods in all open seasons, including the use of game lands, and to fish with hook and line for all fish in all inland and joint fishing waters, including public mountain trout waters. An annual sportsman license issued under this subsection does not entitle the licensee to engage in recreational fishing in coastal fishing waters that are not joint fishing waters.

(b) Lifetime Sportsman Licenses. Except as provided in subdivision (7) of this subsection, lifetime sportsman licenses are valid for the lifetime of the licensees. Lifetime sportsman licenses entitle the licensees to take all wild animals and wild birds by all lawful methods in all open seasons, including the use of game lands, and to fish with hook and line for all fish in all inland and joint fishing waters, including public mountain trout waters. A lifetime sportsman license issued under this subsection does not entitle the licensee to engage in recreational fishing in coastal fishing waters that are not joint fishing waters. Lifetime sportsman licenses issued by the Wildlife Resources Commission are:

- ...
- (3) Adult Resident Lifetime Sportsman License – \$500.00. This license shall be issued only to an individual resident of the ~~State~~ State who is 12 years of age or older but younger than 70 years of age.
 - (4) Nonresident Lifetime Sportsman License – ~~\$1,200~~ \$1,200. This license shall be issued only to an individual nonresident of the State.
 - (5) Age 70 Resident Lifetime Sportsman License – \$15.00. This license shall be issued only to an individual resident of the State who is at least 70 years of age.
 - (6) Repealed by Session Laws 2005-455, s. 1.7 effective January 1, 2007.
 - (7) Resident Disabled Veteran Lifetime Sportsman License – \$100.00. This license shall be issued only to an individual who is a resident of the State and who is a fifty percent (50%) or more disabled veteran as determined by the United States Department of Veterans Affairs or as established by rules of the Wildlife Resources Commission. This license remains valid for the lifetime of the licensee so long as the licensee remains fifty percent (50%) or more disabled.
 - (8) Resident Totally Disabled Lifetime Sportsman License – \$100.00. This license shall be issued only to an individual who is a resident of the State and who is totally and permanently disabled as determined by the Social Security Administration or as established by rules of the Wildlife Resources Commission."

SECTION 14.25.(f) Subsections (a) and (e) of this section become effective August 1, 2014.

PART XV. DEPARTMENT OF COMMERCE

SET REGULATORY FEE FOR UTILITIES COMMISSION

SECTION 15.2B. Section 15.1(a) of S.L. 2013-360 reads as rewritten:

"SECTION 15.1.(a) The percentage rate to be used in calculating the public utility regulatory fee under G.S. 62-302(b)(2) is ~~thirteen one-hundredths of one percent (0.13%)~~ fourteen one-hundredths of one percent (0.14%) for each public utility's North Carolina jurisdictional revenues earned during each quarter that begins ~~on or after July 1, 2013, and on~~ or after July 1, 2014."

INDUSTRIAL COMMISSION FEES

SECTION 15.16B.(a) G.S. 97-73 reads as rewritten:

"§ 97-73. Fees.

(a) Claims. – ~~The~~ Except as provided in subsection (e) of this section, the Industrial Commission may establish by rule a schedule of fees for examinations conducted, reports made, documents filed, and agreements reviewed under this Article. The fees shall be collected in accordance with rules adopted by the Industrial Commission.

(b), (c) Repealed by Session Laws 2003-284, s. 10.33(d), effective July 1, 2003.

(d) Safety. – A fee in the amount set by the Industrial Commission is imposed on an employer for whom the Industrial Commission provides an educational training program on how to prevent or reduce accidents or injuries that result in workers' compensation claims or a person for whom the Industrial Commission provides other educational services. The fees are departmental receipts.

(e) Exceptions. – Notwithstanding subsection (a) of this section, the Industrial Commission may not charge fees for any of the following:

(1) A hearing before a Deputy Commissioner under this Chapter.

(2) A hearing before the full Commission under this Chapter.

(3) Processing of an agreement for compensation of disability, an employer's admission of employee's right to permanent partial disability, or a supplemental agreement as to payment of compensation."

SECTION 15.16B.(b) This section becomes effective July 1, 2015.

PART XVI. DEPARTMENT OF PUBLIC SAFETY

ABC PERMIT FEE INCREASE

SECTION 16B.2.(a) G.S. 18B-903 reads as rewritten:

"§ 18B-903. Duration of permit; renewal and transfer.

...

(b) Renewal. – Application for renewal of an ABC permit shall be on a form provided by the Commission. An application for renewal shall be accompanied by an application fee ~~of twenty five percent (25%) of the original application fee set in G.S. 18B-902, fee.~~ The application fee shall be the same amount as the initial fee set in G.S. 18B-902, except that the renewal application fee for each wine shop permit shall be five hundred dollars (\$500.00), and the renewal application fee for each mixed beverages permit and each guest room cabinet permit shall be ~~seven hundred fifty dollars (\$750.00)~~ one thousand dollars (\$1,000). A renewal fee shall not be refundable.

(b1) Registration. – Each person holding a malt beverage, fortified wine, or unfortified wine permit issued pursuant to G.S. 18B-902(d)(1) through G.S. 18B-902(d)(6) shall register by May 1 of each year on a form provided by the Commission, in order to provide information needed by the State in enforcing this Chapter and to support the costs of that enforcement. The registration required by this subsection shall be accompanied by an annual registration and inspection fee of ~~two hundred dollars (\$200.00)~~ four hundred dollars (\$400.00) for each permit held. The fee shall be paid by May 1 of each year. A registration fee shall not be refundable. Failure to pay the annual registration and inspection fee shall result in revocation of the permit.

...."

SECTION 16B.2.(b) This section applies to fees assessed or collected for permits issued or renewed on or after July 1, 2014.

ESTABLISH HAZARDOUS MATERIALS FACILITY FEE/NEW HAZMAT RESPONSE TEAM

SECTION 16B.3.(a) G.S. 166A-21 reads as rewritten:

"§ 166A-21. Definitions.

~~As used in this Article:~~ The following definitions apply in this Article:

(1) Department. – The Department of Public Safety.

(2) Division. – The Division of Emergency Management.

~~(4)(3) "Hazardous materials emergency response team" or "hazmat team" means an~~
Hazardous materials emergency response team or hazmat team. – An organized group of persons specially trained and equipped to respond to and control actual or potential leaks or spills of hazardous materials.

- ~~(2)(4)~~ "Hazardous material" means any Hazardous material. – Any material defined as a hazardous substance under 29 Code of Federal Regulations § 1910.120(a)(3).
- ~~(3)(5)~~ "Hazardous materials incident" or "hazardous materials emergency" means an Hazardous materials incident or hazardous materials emergency. – An uncontrolled release or threatened release of a hazardous substance requiring outside assistance by a local fire department or hazmat team to contain and control.
- ~~(4)(6)~~ "Regional response team" means a Regional response team. – A hazmat team under contract with the State to provide response to hazardous materials emergencies occurring outside the hazmat team's local jurisdiction at the direction of the Department of Public Safety, Division of Emergency Management.
- ~~(5)(7)~~ "Secretary" means the Secretary. – The Secretary of the Department of Public Safety.
- ~~(6)(8)~~ "Technician-level entry capability" means the Technician-level entry capability. – The capacity of a hazmat team, in terms of training and equipment as specified in 29 Code of Federal Regulations § 1910.120, to respond to a hazardous materials incident requiring affirmative measures, such as patching, plugging, or other action necessary to stop and contain the release of a hazardous substance at its source.
- ~~(7)(9)~~ "Terrorist incident" means activities Terrorist incident. – Activities that occur within the territorial jurisdiction of the United States, involve acts dangerous to human life that are a violation of the criminal laws of the United States or of any state, and are intended to do one of the following:
- a. Intimidate or coerce a civilian population.
 - b. Influence the policy of a government by intimidation or coercion.
 - c. Affect the conduct of a government by mass destruction, assassination, or kidnapping."

SECTION 16B.3.(b) Article 2 of Chapter 166A of the General Statutes is amended by adding a new section to read:

"§ 166A-29.1. Hazardous materials facility fee.

(a) Definitions. – The following definitions apply in this section:

- (1) EPCRA. – The federal Emergency Planning and Community Right-to-Know Act, P.L. No. 99-499 et. seq.**
- (2) Hazardous chemical. – As defined in 29 C.F.R. 1910.1200(c), except that the term does not include any of the following:**
 - a. Any food, food additive, color additive, drug, or cosmetic regulated by the Food and Drug Administration.**
 - b. Any substance present as a solid in any manufactured item to the extent exposure to the substance does not occur under normal conditions of use.**
 - c. Any substance to the extent that it is used for personal, family, or household purposes or is present in the same form and concentration as a product packaged for distribution and use by the public.**
 - d. Any substance to the extent that it is used in a research laboratory or a hospital or other medical facility under the direct supervision of a technically qualified individual.**
 - e. Any substance to the extent that it is used in routine agricultural operations or is a fertilizer held for sale by a retailer to the ultimate consumer.**

(3) Extremely hazardous substance. – Any substance, regardless of its state, set forth in 40 C.F.R. Part 355, Appendix A or B.

(b) Annual Fee Shall Be Charged. – A person required under Section 302 or 312 of EPCRA to submit a notification or an annual inventory form to the Division shall be required to pay to the Department an annual fee in the amount set forth in subsection (c) of this section.

(c) Amount of Fee. – The amount of the annual fee charged pursuant to subsection (b) of this section shall be calculated in accordance with the following, up to a maximum annual amount of five thousand dollars (\$5,000):

(1) A fee of fifty dollars (\$50.00) shall be assessed for each substance reported by a facility that is classified as a hazardous chemical.

(2) A fee of ninety dollars (\$90.00) shall be assessed for each substance reported by a facility that is classified as an extremely hazardous substance.

(d) Late Fees. – The Division may impose a late fee for failure to submit a report or filing that substantially complies with the requirements of EPCRA by the federal filing deadline or for failure to pay any fee, including a late fee. This fee shall be in addition to the fee imposed pursuant to subsection (c) of this section. Prior to imposing a late fee, the Division shall provide the person who will be assessed the late fee with written notice that identifies the specific requirements that have not been met and informs the person of its intent to assess a late fee. The assessment of a late fee shall be subject to the following limitations:

(1) If the report filing or fee is submitted within 30 days after receipt of the Division's notice that it intends to assess a late fee, no late fee shall be assessed.

(2) If the report filing or fee has not been submitted by the end of the period set forth in subdivision (1) of this subsection, the Division may impose a late fee in an amount equal to the amount of the fee charged pursuant to subsection (c) of this section.

(e) Exemptions. – No fee shall be charged under this section to any of the following:

(1) An owner or operator of a family farm enterprise, a facility owned by a State or local government, or a nonprofit corporation.

(2) An owner or operator of a facility where motor vehicle fuels are stored and from which such fuels are offered for retail sale. However, hazardous chemicals or extremely hazardous substances at such a facility, other than motor vehicle fuels for retail sale, shall not be subject to this exemption.

(f) Use of Fee Proceeds. – The proceeds of fees assessed pursuant to this section shall be used for the following:

(1) To pay costs associated with the maintenance of a hazardous materials database.

(2) To support the operations of the regional response program for hazardous materials emergencies and terrorist incidents.

(3) To provide grants to counties for hazardous materials emergency response planning, training, and related exercises."

SECTION 16B.3.(c) The Department of Public Safety may establish and operate an additional hazmat team to serve Lee and Moore Counties and shall use proceeds from fees assessed and collected pursuant to G.S. 166A-29.1 to ensure that the hazardous materials emergency response capabilities in Moore and Lee Counties are sufficient to respond to any hazardous materials emergencies occurring in those counties as a result of natural gas exploration and extraction.

SECTION 16B.3.(d) G.S. 166A-22 reads as rewritten:

"§ 166A-22. Hazardous materials emergency response program.

(a) The Secretary shall adopt rules establishing a regional response program for hazardous materials emergencies and terrorist incidents, to be administered by the Division of

Emergency Management. To the extent possible, the regional response program shall be coordinated with other emergency planning activities of the State. The regional response program shall include at least ~~six~~ seven hazmat teams located strategically across the State that are available to provide regional response to hazardous materials or terrorist incidents requiring technician-level entry capability and 24-hour dispatch and communications capability at the Division of Emergency Management Operations Center. The rules for the program shall include:

...."

SECTION 16B.3.(e) This section applies to fees assessed on or after July 1, 2014.

REMOVE LIMITATION ON COMMUNITY WORK CREW FEE

SECTION 16C.2. G.S. 148-32.2 reads as rewritten:

"§ 148-32.2. Community work crew fee.

The Division of Adult Correction of the Department of Public Safety may charge a fee to any unit of local government to which it provides, upon request, a community work crew. The amount of the fee shall be no more than the cost to the Division to provide the crew to the unit of local government, ~~not to exceed a daily rate of one hundred fifty dollars (\$150.00) per work crew-government.~~

INMATE LABOR CONTRACT

SECTION 16C.3. The Division of Adult Correction of the Department of Public Safety shall prioritize inmate labor contracts in areas where prisons were closed during the 2013-2014 fiscal year. The Division shall charge a transportation fee equivalent to the mileage cost of transporting inmates to and from the contract site. The Division shall also charge an administrative fee as part of the inmate labor contract that reflects the other costs associated with providing the inmate labor.

"(a) It shall be the duty of the State Bureau of Investigation to receive and collect ~~police~~ criminal information, to assist in locating, identifying, and keeping records of criminals in this State, and from other states, and to compare, classify, compile, publish, make available and disseminate any and all such information to the sheriffs, constables, police authorities, courts or any other officials of the State requiring such criminal identification, crime statistics and other information respecting crimes local and national, and to conduct surveys and studies for the purpose of determining so far as is possible the source of any criminal conspiracy, crime wave, movement or cooperative action on the part of the criminals, reporting such conditions, and to cooperate with all officials in detecting and preventing."

SUBPART XVIII-B. ADMINISTRATIVE OFFICE OF THE COURTS

AUTHORIZE THE COURT TO ASSESS A FEE FOR THE COSTS OF THE SERVICES OF A PRIVATE HOSPITAL PERFORMING TOXICOLOGICAL TESTING FOR A PROSECUTORIAL DISTRICT

SECTION 18B.14.(a) G.S. 7A-304(a) reads as rewritten:

"(a) In every criminal case in the superior or district court, wherein the defendant is convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the prosecuting witness, the following costs shall be assessed and collected. No costs may be assessed when a case is dismissed. Only upon entry of a written order, supported by findings of fact and conclusions of law, determining that there is just cause, the court may (i) waive costs assessed under this section or (ii) waive or reduce costs assessed under subdivision (7), (8), (8a), (11), or (12), or (13) of this section.

...

- (7) For the services of the North Carolina State Crime Laboratory facilities, the district or superior court judge shall, upon conviction, order payment of the sum of six hundred dollars (\$600.00) to be remitted to the Department of Justice for support of the Laboratory. This cost shall be assessed only in cases in which, as part of the investigation leading to the defendant's conviction, the laboratories have performed DNA analysis of the crime, tests of bodily fluids of the defendant for the presence of alcohol or controlled substances, or analysis of any controlled substance possessed by the defendant or the defendant's agent.
- (8) For the services of any crime laboratory facility operated by a local government or group of local governments, the district or superior court judge shall, upon conviction, order payment of the sum of six hundred dollars (\$600.00) to be remitted to the general fund of the local governmental unit that operates the laboratory to be used for law enforcement purposes. The cost shall be assessed only in cases in which, as part of the investigation leading to the defendant's conviction, the laboratory has performed DNA analysis of the crime, test of bodily fluids of the defendant for the presence of alcohol or controlled substances, or analysis of any controlled substance possessed by the defendant or the defendant's agent. The costs shall be assessed only if the court finds that the work performed at the local government's laboratory is the equivalent of the same kind of work performed by the North Carolina State Crime Laboratory under subdivision (7) of this subsection.
- (8a) For the services of any private hospital performing toxicological testing under contract with a prosecutorial district, the district or superior court judge shall, upon conviction, order payment of the sum of six hundred dollars (\$600.00) to be remitted to the State Treasurer for the support of the General Court of Justice. The cost shall be assessed only in cases in which, as part of the investigation leading to the defendant's conviction, the laboratory has performed testing of bodily fluids of the defendant for the presence of alcohol or controlled substances. The costs shall be assessed only if the court finds that the work performed by the local hospital is the equivalent of the same kind of work performed by the North Carolina State Crime Laboratory under subdivision (7) of this subsection.
- ...
- (11) For the services of an expert witness employed by the North Carolina State Crime Laboratory who completes a chemical analysis pursuant to G.S. 20-139.1 or a forensic analysis pursuant to G.S. 8-58.20 and provides testimony about that analysis in a defendant's trial, the district or superior court judge shall, upon conviction of the defendant, order payment of the sum of six hundred dollars (\$600.00) to be remitted to the Department of Justice for support of the State Crime Laboratory. This cost shall be assessed only in cases in which the expert witness provides testimony about the chemical or forensic analysis in the defendant's trial and shall be in addition to any cost assessed under subdivision (7) of this subsection.
- (12) For the services of an expert witness employed by a crime laboratory operated by a local government or group of local governments who completes a chemical analysis pursuant to G.S. 20-139.1 or a forensic analysis pursuant to G.S. 8-58.20 and provides testimony about that analysis in a defendant's trial, the district or superior court judge shall, upon conviction of the defendant, order payment of the sum of six hundred dollars

(\$600.00) to be remitted to the general fund of the local governmental unit that operates the laboratory to be used for local law enforcement. This cost shall be assessed only in cases in which the expert witness provides testimony about the chemical or forensic analysis in the defendant's trial and shall be in addition to any cost assessed under subdivision (8) of this subsection.

(13) For the services of an expert witness employed by a private hospital performing toxicological testing under contract with a prosecutorial district who completes a chemical analysis pursuant to G.S. 20-139.1 and provides testimony about that analysis in a defendant's trial, the district or superior court judge shall, upon conviction of the defendant, order payment of the sum of six hundred dollars (\$600.00) to be remitted to the State Treasurer for the support of the General Court of Justice. This cost shall be assessed only in cases in which the expert witness provides testimony about the chemical analysis in the defendant's trial and shall be in addition to any cost assessed under subdivision (8a) of this subsection."

SECTION 18B.14.(b) This section becomes effective December 1, 2014, and applies to fees assessed or collected on or after that date.

PART XX. DEPARTMENT OF INSURANCE

INSURANCE REGULATORY CHARGE

SECTION 20.2.(a) The percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2015 calendar year.

SECTION 20.2.(b) G.S. 58-6-25 reads as rewritten:

"§ 58-6-25. Insurance regulatory charge.

...

(d) Use of Proceeds. – The Insurance Regulatory Fund is created in the State treasury, under the control of the Office of State Budget and Management. The proceeds of the charge levied in this section and all fees collected under Articles 69 through 71 of this Chapter and under Articles 9 and 9C of Chapter 143 of the General Statutes shall be credited to the Fund. The Fund shall be placed in an interest-bearing account and any interest or other income derived from the Fund shall be credited to the Fund. Moneys in the Fund may be spent only pursuant to appropriation by the General Assembly and in accordance with the line item budget enacted by the General Assembly. The Fund is subject to the provisions of the Executive Budget Act, except that no unexpended surplus of the Fund shall revert to the General Fund. All money credited to the Fund shall be used to reimburse the General Fund for the following:

...

(11) Money appropriated to the North Carolina Industrial Commission for support of the Commission's duties excepted from its statutory fee authority as set forth in G.S. 97-73(e).

(e) Definitions. – The following definitions apply in this section:

(1) Repealed by Session Laws 2003-284, s. 43.2, effective for taxable years beginning on or after January 1, 2004.

(1a) Captive insurance company. – Defined in G.S. 105-228.3.

(2) Insurance company. – A company that pays the gross premiums tax levied in G.S. 105-228.5 and G.S. 105-228.8.

(3) Insurer. – Defined in G.S. 105-228.3."

SECTION 20.2.(c) Subsection (a) of this section is effective when it becomes law. Subsection (b) of this section is effective January 1, 2015.

PART XXXIV. DEPARTMENT OF TRANSPORTATION**HIGHWAY USE TAX AND FUEL EXCISE TAX CHANGES**

SECTION 34.6.(a) Section 34.29 of S.L. 2013-360, as amended by Section 8.1 of S.L. 2013-363, is repealed.

SECTION 34.6.(b) G.S. 105-449.106(b) is repealed.

SECTION 34.6.(c) Subsection (b) of this section becomes effective for taxable years beginning on or after January 1, 2015.

CONVERSION OF PAPER TITLES

SECTION 34.7.(a) G.S. 20-58.4A is amended by adding a new subsection to read:

"(l) The Division may convert an existing paper title to an electronic lien upon request of a primary lienholder. The Division or a party contracting with the Division under this section is authorized to collect a fee not to exceed three dollars (\$3.00) for each conversion."

SECTION 34.7.(b) G.S. 20-63(h) is amended by adding a new subdivision to read:

"(11) Conversion of an existing paper title to an electronic lien upon request of a primary lienholder."

DOT SIGNAGE

SECTION 34.14.(a) G.S. 136-89.56 reads as rewritten:

"§ 136-89.56. Commercial enterprises.

No commercial enterprises or activities shall be authorized or conducted by the Department of Transportation, or the governing body of any city or town, within or on the property acquired for or designated as a controlled-access facility, as defined in this Article, except for:

- (1) Materials displayed at welcome centers which shall be directly related to travel, accommodations, tourist-related activities, tourist-related services, and attractions. The Department of Transportation shall issue rules regulating the display of these materials. These materials may contain advertisements for real estate; and
- (2) Vending machines permitted by the Department of Transportation and placed by the Division of Services for the Blind, Department of Health and Human Services, as the State licensing agency designated pursuant to Section 2(a)(5) of the Randolph-Sheppard Act (20 USC 107a(a)(5)). The Department of Transportation shall regulate the placing of the vending machines in highway rest areas and shall regulate the articles to be dispensed. In order to permit the establishment of adequate fuel and other service facilities by private owners or their lessees for the users of a controlled-access facility, the Department of Transportation shall permit access to service or frontage roads within the publicly owned right-of-way of any controlled-access facility established or designated as provided in this Article, at points which, in the opinion of the Department of Transportation, will best serve the public interest. The location of such fuel and other service facilities may be indicated to the users of the controlled-access facilities by appropriate signs, the size, style, and specifications of which shall be determined by the Department of Transportation.

The location of fuel, gas, food, lodging, camping, and attraction facilities may be indicated to the users of the controlled-access facilities by appropriate logos placed on signs owned, controlled, and erected by the Department of Transportation. The owners, operators or lessees of fuel, gas, food, lodging, camping, and attraction facilities who wish to place a logo identifying their business or service on a sign shall furnish a logo meeting the size, style and specifications determined by the Department of Transportation and shall pay the Department

for the costs of initial installation and subsequent maintenance. The fees for logo sign installation and maintenance shall be set by the Board of Transportation based on cost; a fee set by the Board of Transportation. The Board shall set the fee to cover the initial costs of signs, sign installation, and maintenance, and the costs of administering the program."

SECTION 34.14.(b) G.S. 136-140.19 reads as rewritten:

"§ 136-140.19. Department Board of Transportation to adopt rules to implement the TODS program.

The Department Board of Transportation shall adopt rules to implement the TODS program created by this Article. The rules shall include all of the following:

- (1) The Department Board shall set fees to cover the initial costs of signs, sign installation, and maintenance, and the costs of administering the program.
- (2) The Department Board shall establish a standard for the size, color, and letter height of the TODS as specified in the National Manual of Uniform Traffic Control Devices for Streets and Highways.
- ...
- (8) The Department Board shall limit the placement of TODS to highways other than fully controlled access highways and to rural areas in and around towns or cities with a population of less than 40,000."

SECTION 34.14.(c) G.S. 106-22.5(a) reads as rewritten:

"§ 106-22.5. Agricultural tourism signs.

(a) The Department of Agriculture and Consumer Services shall work with the Department of Transportation to provide directional signs on major highways at or in reasonable proximity to the nearest interchange or within one mile leading to an agricultural facility that promotes tourism by providing tours and on-site sales or samples of North Carolina agricultural products to area tourists. The Department shall follow the sign location and placement rules for the Department of Transportation's Tourist-Oriented Directional Signs as authorized by G.S. 136-140.19."

FERRY TOLLING

SECTION 34.26.(a) G.S. 136-82 reads as rewritten:

"§ 136-82. Department of Transportation to establish and maintain ferries.

(a) Powers of Department. – The Department of Transportation is vested with authority to provide for the establishment and maintenance of ferries connecting the parts of the State highway system, whenever in its discretion the public good may require, ~~and shall prescribe and collect tolls on the ferry routes as established by the Board of Transportation following the procedures set forth in this section.~~ require.

(b) Establishment of Tolling. ~~The Board of Transportation may establish tolls on any untolled ferry route as set forth in this subsection. Prior to establishing tolls on an untolled ferry route, the Board of Transportation must receive a resolution approved by the Transportation Advisory Committee of each affected local transportation planning organization requesting tolls on that route. No later than March 1, 2014, the Department shall hold a separate public hearing in the geographic area of each untolled ferry route and invite each affected local transportation planning organization. At the public hearing, the Department shall present an explanation of the toll setting methodology, the impact of tolling on the availability of funding for other local transportation priorities, and the minimum and maximum toll rates. After the public hearing, an affected local transportation planning organization may consider and adopt a ferry tolling resolution. The Board of Transportation shall adopt the toll at its next regularly scheduled meeting after receipt of the ferry tolling resolutions required by this subsection. The Department shall collect the toll as soon as is feasible following its adoption, but in no case more than 180 days after adoption of the toll. The establishment of tolls by the Board of Transportation pursuant to the authority granted in this section shall be exempt from the~~

provisions of Chapter 150B of the General Statutes. For purposes of this section, "affected local transportation planning organization" means any Metropolitan Planning Organization or Rural Transportation Planning Organization with geographic jurisdiction over any part of an untolled ferry route, and "untolled ferry route" means any ferry route for which no tolls were in effect as of June 30, 2013.

~~(c) Revisions of Tolls.—The Department of Transportation shall report to the Fiscal Research Division, the Joint Legislative Transportation Oversight Committee, and all affected local transportation planning organizations 30 days prior to any change in toll rates or change in the toll setting methodology by the Board of Transportation.~~

~~(d) Use of Toll Proceeds.—The Department of Transportation shall credit the proceeds from tolls collected on North Carolina Ferry System routes and receipts generated under subsection (e) of this section to reserve accounts within the Highway Fund for each of the Highway Divisions in which system terminals are located and fares are earned. For the purposes of this subsection, fares are earned based on the terminals from which a passenger trip originates and terminates. Commuter pass receipts shall be credited proportionately to each reserve account based on the distribution of trips originating and terminating in each Highway Division. The proceeds credited to each reserve account shall be used exclusively for prioritized North Carolina Ferry System ferry passenger vessel replacement projects in the Division in which the proceeds are earned. Proceeds may be used to fund ferry passenger vessel replacement projects or supplement funds allocated for ferry passenger vessel replacement projects approved in the Transportation Improvement Program.~~

...

(f) Authority to Generate Certain Receipts. – The Department of Transportation, notwithstanding any other provision of law, may operate or contract for the following receipt-generating activities and use the proceeds for ferry passenger vessel replacement projects in the manner set forth in subsection (e) of this section:and other ferry system capital needs:

- (1) Operation of, concessions on the ferries and at ferry facilities to provide to passengers on the ferries food, drink, and other refreshments, personal comfort items, Internet access, and souvenirs publicizing the ferry system.
- (2) The Sponsorships, including, but not limited to, the sale of naming rights to any ferry vessel, ferry route, or ferry facility.
- (3) Advertising on or within any ferry vessel, vessel or at any ferry facility, including including, but not limited to, display advertising and advertising delivered to passengers through the use of video monitors, public address systems installed in passenger areas, and other electronic media.
- (4) Any other receipt-generating activity not otherwise forbidden by applicable law pertaining to public health or safety.

The Department may issue rules to implement this subsection.

(f1) Ferry Capital Improvement Account. – The following shall be credited to a reserve account in the Highway Fund which shall be designated as the Ferry Capital Improvement Account:

- (1) Net receipts generated under subsection (f) of this section.
- (2) The unallotted and unencumbered balances on the last day of the fiscal year of funds appropriated from the Highway Fund to the Ferry Division.
- (3) Any other funds available from appropriations by the General Assembly or from contributions and grants from public or private sources.

Funds credited to the account shall be used for prioritized improvements to the vessels and facilities of the North Carolina Ferry System.

(g) Confidentiality of Personal Information. – Identifying information obtained by the Department related to operation of the ferry system is not a public record under Chapter 132 of

the General Statutes and is subject to the disclosure limitations in 18 U.S.C. § 2721 of the federal Driver's Privacy Protection Act. The Department shall maintain the confidentiality of all information required to be kept confidential under 18 U.S.C. § 2721(a), as well as any financial information, transaction history, and information related to the collection of a ~~toll or~~ user fee from a person, including, but not limited to, photographs or other recorded images or automatic vehicle identification or driver account information generated by radio-frequency identification or other electronic means. The Department may use identifying information only for purposes of collecting and enforcing ~~tolls~~ user fees. Nothing in this section is intended to limit the right of any person to examine that person's own account information, or the right of any party, by authority of a proper court order, to inspect and examine identifying information."

SECTION 34.26.(b) The Board of Transportation shall cease collecting ferry tolls on the effective date of this act and shall take action as expeditiously as possible to repeal its regulations implementing ferry tolls. Prepaid tolls or commuter pass payments received by the Department for ferry trips after the effective date of this act shall be refunded or, in the case of prepaid commuter passes, partially refunded based on the proportion of the time period covered by the commuter pass for which tolls were in effect.

SECTION 34.26.(c) From funds appropriated by this act from the Highway Fund to the Department of Transportation, the sum of six million two hundred thousand dollars (\$6,200,000) shall be allocated to the Ferry Capital Improvement Account created by G.S. 136-82(f1) as amended by subsection (a) of this section.

SECTION 34.26.(d) G.S. 136-189.11(b)(8) is repealed.

PART XXXVI. CAPITAL APPROPRIATIONS

TWO-THIRDS BONDS ACT OF 2014

SECTION 36.12.(a) Short Title. – This section may be cited as the "Two-Thirds Bonds Act of 2014."

SECTION 36.12.(b) Findings and Determinations. – It is the intent and purpose of the General Assembly by this section to provide for the issuance of general obligation bonds or notes of the State in order to provide funds for the cost of State capital facilities.

SECTION 36.12.(c) Definitions. – The following definitions apply in this section unless the context otherwise requires:

- (1) Bonds. – Bonds issued under this section.
- (2) Cost. – The term includes all of the following:
 - a. The cost of constructing, reconstructing, renovating, repairing, enlarging, acquiring, and improving State capital facilities, including the acquisition of land, rights-of-way, easements, franchises, equipment, machinery, furnishings, and other interests in real or personal property acquired or used in connection with a State capital facility.
 - b. The cost of engineering, architectural, and other consulting services as may be required.
 - c. Administrative expenses and charges.
 - d. The cost of providing personnel to ensure effective project management.
 - e. The cost of bond insurance, investment contracts, credit enhancement and liquidity facilities, interest-rate swap agreements or other derivative products, financial and legal consultants, and related costs of bond and note issuance, to the extent and as determined by the State Treasurer.

- 1 f. Finance charges, reserves for debt service, and other types of
2 reserves required pursuant to the terms of any bond or note or related
3 documents, interest before and during construction or acquisition of a
4 State capital facility and, if considered advisable by the State
5 Treasurer, for a period not exceeding two years after the estimated
6 date of completion of construction or acquisition.
- 7 g. The cost of bond insurance, investment contracts, credit enhancement
8 facilities and liquidity facilities, interest-rate swap agreements or
9 other derivative products, financial and legal consultants, and related
10 costs of the incurrence or issuance of any bond or note.
- 11 h. The cost of reimbursing the State for any payments made for any cost
12 described in this subdivision.
- 13 i. Any other costs and expenses necessary or incidental to the purposes
14 of this section.
- 15 (3) Credit facility. – An agreement entered into by the State Treasurer on behalf
16 of the State with a bank, savings and loan association or other banking
17 institution, an insurance company, reinsurance company, surety company or
18 other insurance institution, a corporation, investment banking firm or other
19 investment institution, or any financial institution or other similar provider
20 of a credit facility, which provider may be located within or without the
21 United States, such agreement providing for prompt payment of all or any
22 part of the principal or purchase price (whether at maturity, presentment or
23 tender for purchase, redemption or acceleration), redemption premium, if
24 any, and interest on any bonds or notes payable on demand or tender by the
25 owner, in consideration of the State agreeing to repay the provider of the
26 credit facility in accordance with the terms and provisions of such
27 agreement.
- 28 (4) Notes. – Notes issued under this section.
- 29 (5) Par formula. – A provision or formula adopted by the State to provide for the
30 adjustment, from time to time, of the interest rate or rates borne by any
31 bonds or notes, including the following:
- 32 a. A provision providing for such adjustment so that the purchase price
33 of such bonds or notes in the open market would be as close to par as
34 possible.
- 35 b. A provision providing for such adjustment based upon a percentage
36 or percentages of a prime rate or base rate, which percentage or
37 percentages may vary or be applied for different periods of time.
- 38 c. Such other provision as the State Treasurer may determine to be
39 consistent with this act and will not materially and adversely affect
40 the financial position of the State and the marketing of bonds or notes
41 at a reasonable interest cost to the State.
- 42 (6) State. – The State of North Carolina, including any State agency.
- 43 (7) State agency. – Any agency, institution, board, commission, bureau, council,
44 department, division, officer, or employee of the State. The term does not
45 include counties, municipal corporations, political subdivisions, local boards
46 of education, or other local public bodies.

47 **SECTION 36.12.(d)** Authorization of Bonds and Notes. – The State Treasurer is
48 authorized, by and with the consent of the Council of State, to issue and sell at one time or from
49 time to time general obligation bonds of the State to be designated "State of North Carolina
50 General Obligation Bonds," with any additional designations as may be determined, or notes of
51 the State, in the aggregate principal amount of up to two hundred sixty-three million seven

hundred twenty-five thousand dollars (\$263,725,000), this amount being not in excess of two-thirds of the amount by which the State's outstanding indebtedness was reduced during the fiscal biennium ended June 30, 2013, for the purpose of providing funds, with any other available funds, for the purposes authorized by this section.

SECTION 36.12.(e) Uses of Bond and Note Proceeds. – The proceeds of bonds and notes shall be used for financing the cost of State capital facilities as provided in this section. Any additional moneys which may be received by grant from the United States of America or any agency or department thereof or from any other source to aid in financing the cost of any State capital facilities authorized by this section may be placed by the State Treasurer in a separate fund or funds and shall be disbursed, to the extent permitted by the terms of the grant, without regard to any limitations imposed by this section.

The proceeds of bonds and notes may be used with any other moneys made available by the General Assembly for the cost of State capital facilities, including the proceeds of any other State bond or special indebtedness issues, whether heretofore made available or which may be made available at the session of the General Assembly at which this section is ratified or any subsequent sessions. The proceeds of bonds and notes shall be expended and disbursed under the direction and supervision of the Director of the Budget. The funds provided by this section shall be disbursed for the purposes provided in this section upon warrants drawn on the State Treasurer by the State Controller, which warrants shall not be drawn until requisition has been approved by the Director of the Budget and which requisition shall be approved only after full compliance with the State Budget Act, Chapter 143C of the General Statutes.

The Office of State Budget and Management shall provide semiannual reports to the Chairs of the Senate Appropriations Committees and the House Appropriations Subcommittees and to the Fiscal Research Division on the expenditure of moneys authorized by this section. The reports shall continue until the completion of the projects provided for in this section.

SECTION 36.12.(f) Allocation of Proceeds. – The proceeds of bonds and notes shall be allocated and expended as provided in this subsection:

- (1) A maximum aggregate principal amount of fifteen million four hundred thousand dollars (\$15,400,000) to finance the capital facility costs of a Western Crime Lab.
- (2) A maximum aggregate principal amount of two hundred six million dollars (\$206,000,000) to finance the capital facility costs of projects previously authorized or subsequently to be authorized by the General Assembly to be financed pursuant to Article 9 of Chapter 142 of the General Statutes but for which some or all of the amount of bonds authorized to be issued under that Article have not yet been issued. To the extent that bonds and notes are issued pursuant to this subdivision, there shall be a corresponding reduction in the amount of debt that has been authorized to be issued but has not been issued pursuant to Article 9 of Chapter 142 of the General Statutes.
- (3) A maximum aggregate principal amount of forty-two million three hundred twenty-five thousand dollars (\$42,325,000) to finance the capital facility costs of renovating the Albemarle Building.

SECTION 36.12.(g) Issuance of bonds and notes. –

- (1) Terms and conditions. – Bonds or notes may bear a date or dates, may be serial or term bonds or notes, or any combination thereof, may mature in such amounts and at such time or times, not exceeding 40 years from their date or dates, may be payable at such place or places, either within or without the United States of America, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, may bear interest at such rate or rates, which may

1 vary from time to time, and may be made redeemable before maturity, at the
2 option of the State or otherwise as may be provided by the State, at such
3 price or prices, including a price less than or greater than the face amount of
4 the bonds or notes, and under such terms and conditions, all as may be
5 determined by the State Treasurer, by and with the consent of the Council of
6 State.

7 (2) Signatures; form and denomination; registration. – Bonds or notes may be
8 issued in certificated or uncertificated form. If issued in certificated form,
9 bonds or notes shall be signed on behalf of the State by the Governor or shall
10 bear the Governor's facsimile signature, shall be signed by the State
11 Treasurer or shall bear the State Treasurer's facsimile signature, and shall
12 bear the Great Seal of the State, or a facsimile of the Seal shall be impressed
13 or imprinted thereon. If bonds or notes bear the facsimile signatures of the
14 Governor and the State Treasurer, the bonds or notes shall also bear a
15 manual signature which may be that of a bond registrar, trustee, paying
16 agent, or designated assistant of the State Treasurer. Should any officer
17 whose signature or facsimile signature appears on bonds or notes cease to be
18 such officer before the delivery of the bonds or notes, the signature or
19 facsimile signature shall nevertheless have the same validity for all purposes
20 as if the officer had remained in office until delivery. Bonds or notes may
21 bear the facsimile signatures of persons who at the actual time of the
22 execution of the bonds or notes shall be the proper officers to sign any bond
23 or note, although at the date of the bond or note such persons may not have
24 been such officers. The form and denomination of bonds or notes, including
25 the provisions with respect to registration of the bonds or notes and any
26 system for their registration, shall be as the State Treasurer may determine in
27 conformity with this section.

28 (3) Manner of sale; expenses. – Subject to the approval by the Council of State
29 as to the manner in which bonds or notes shall be offered for sale, whether at
30 public or private sale, whether within or without the United States, and
31 whether by publishing notices in certain newspapers and financial journals,
32 mailing notices, inviting bids by correspondence, negotiating contracts of
33 purchase or otherwise, the State Treasurer is authorized to sell bonds or
34 notes at one time or from time to time at any rates of interest, which may
35 vary from time to time, and at any prices, including a price less than or
36 greater than the face amount of the bonds or notes, as the State Treasurer
37 may determine. All expenses incurred in the preparation, sale, and issuance
38 of bonds or notes shall be paid by the State Treasurer from the proceeds of
39 bonds or notes or other available moneys.

40 (4) Notes; repayment. –

41 a. By and with the consent of the Council of State, the State Treasurer
42 is hereby authorized to borrow money and to execute and issue notes
43 of the State for the same, but only in the following circumstances and
44 under the following conditions:

- 45 1. For anticipating the sale of bonds, the issuance of which the
46 Council of State has approved, if the State Treasurer
47 considers it advisable to postpone the issuance of the bonds;
- 48 2. For the payment of interest on or any installment of principal
49 of any bonds then outstanding, if there are not sufficient
50 funds in the State treasury with which to pay the interest or
51 installment of principal as they respectively become due;

3. For the renewal of any loan evidenced by notes authorized in this section;
 4. For the purposes authorized in this section; and
 5. For refunding bonds or notes as authorized in this section.
- b. Funds derived from the sale of bonds or notes may be used in the payment of any bond anticipation notes issued under this section. Funds provided by the General Assembly for the payment of interest on or principal of bonds shall be used in paying the interest on or principal of any notes and any renewals thereof, the proceeds of which shall have been used in paying interest on or principal of the bonds.
- (5) Refunding bonds and notes. – By and with the consent of the Council of State, the State Treasurer is authorized to issue and sell refunding bonds and notes pursuant to the provisions of the State Refunding Bond Act for the purpose of refunding bonds or notes issued pursuant to this section. The refunding bonds and notes may be combined with any other issues of State bonds and notes similarly secured. Refunding bonds or notes may be issued at any time prior to the final maturity of the debt obligation to be refunded. The proceeds from the sale of any refunding bonds or notes shall be applied to the immediate payment and retirement of the bonds or notes being refunded or, if not required for the immediate payment of the bonds or notes being refunded, the proceeds shall be deposited in trust to provide for the payment and retirement of the bonds or notes being refunded and to pay any expenses incurred in connection with the refunding. Money in a trust fund may be invested in (i) direct obligations of the United States government, (ii) obligations the principal of and interest on which are guaranteed by the United States government, (iii) obligations of any agency or instrumentality of the United States government if the timely payment of principal and interest on the obligations is unconditionally guaranteed by the United States government, or (iv) certificates of deposit issued by a bank or trust company located in the State if the certificates are secured by a pledge of any of the obligations described in (i), (ii), or (iii) above having an aggregate market value, exclusive of accrued interest, equal at least to the principal amount of the certificates so secured. This section does not limit the duration of any deposit in trust for the retirement of bonds or notes being refunded but that have not matured and are not presently redeemable, or if presently redeemable, have not been called for redemption.
- (6) Tax exemption. – Bonds and notes shall at all times be free from taxation by the State or any political subdivision or any of their agencies, excepting estate, inheritance or gift taxes, income taxes on the gain from the transfer of bonds or notes, and franchise taxes. The interest on bonds or notes is not subject to taxation as income.
- (7) Investment eligibility. – Bonds and notes are securities in which all of the following may invest, including capital in their control or belonging to them: public officers, agencies, and public bodies of the State and its political subdivisions, all insurance companies, trust companies, investment companies, banks, savings banks, savings and loan associations, credit unions, pension or retirement funds, other financial institutions engaged in business in the State, executors, administrators, trustees, and other fiduciaries. Bonds and notes are hereby made securities which may properly and legally be deposited with and received by any officer or agency of the

State or political subdivision of the State for any purpose for which the deposit of bonds, notes, or obligations of the State or any political subdivision is now or may hereafter be authorized by law.

(8) Faith and credit. – The faith and credit and taxing power of the State are hereby pledged for the payment of the principal of and the interest on bonds and notes. The State expressly reserves the right to amend any provision of this section to the extent it does not impair any contractual right of a bond owner.

(9) Other agreements. – The State Treasurer may authorize, execute, obtain, or otherwise provide for bond insurance, investment contracts, credit and liquidity facilities, interest-rate swap agreements and other derivative products, and any other related instruments and matters the State Treasurer determines are desirable in connection with issuance, incurrence, carrying, or securing of bonds or notes. The State Treasurer is authorized to employ and designate any financial consultants, underwriters, and bond attorneys to be associated with any bond or note issue under this section as the State Treasurer considers necessary.

SECTION 36.12.(h) Variable Rate Demand Bonds and Notes. – In fixing the details of bonds and notes, the State Treasurer may provide that any of the bonds or notes may:

- (1) Be made payable from time to time on demand or tender for purchase by the owner, if a credit facility supports the bonds or notes, unless the State Treasurer specifically determines that a credit facility is not required upon a finding and determination by the State Treasurer that the absence of a credit facility will not materially and adversely affect the financial position of the State and the marketing of the bonds or notes at a reasonable interest cost to the State;
- (2) Be additionally supported by a credit facility;
- (3) Be made subject to redemption or a mandatory tender for purchase prior to maturity;
- (4) Bear interest at a rate or rates that may vary for any period of time, as may be provided in the proceedings providing for the issuance of the bonds or notes, including, without limitation, such variations as may be permitted pursuant to a par formula; and
- (5) Be made the subject of a remarketing agreement whereby an attempt is made to remarket bonds or notes to new purchasers prior to their presentment for payment to the provider of the credit facility or to the State.

If the aggregate principal amount payable by the State under a credit facility is in excess of the aggregate principal amount of bonds or notes secured by the credit facility, whether as a result of the inclusion in the credit facility of a provision for the payment of interest for a limited period of time or the payment of a redemption premium or for any other reason, then the amount of authorized but unissued bonds or notes during the term of such credit facility shall not be less than the amount of such excess, unless the payment of such excess is otherwise provided for by agreement of the State executed by the State Treasurer.

SECTION 36.12.(i) Interpretation of Section. –

- (1) Additional method. – The foregoing subsections of this section shall be deemed to provide an additional and alternative method for the doing of the things authorized under it and shall be regarded as supplemental and additional to powers conferred by other laws and shall not be regarded as in derogation of any powers now existing.
- (2) Statutory references. – References in this section to specific sections or Chapters of the General Statutes or to specific acts are intended to be

references to such sections, Chapters, or acts as they may be amended from time to time by the General Assembly.

(3) Broad construction. – This section, being necessary for the health and welfare of the people of the State, shall be broadly construed to effect the purposes thereof.

(4) Inconsistent provisions. – Insofar as the provisions of this section are inconsistent with the provisions of any general, special, or local laws, or parts thereof, the provisions of this section shall be controlling.

(5) Severability. – If any provision of this section or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the section which can be given effect without the invalid provision or application, and to this end the provisions of this section are declared to be severable.

SECTION 36.12.(j) This section is effective when it becomes law.

PART XXXVII. FINANCE PROVISIONS

CLARIFY "NET GENERAL FUND TAX COLLECTED" FOR PURPOSES OF THE CORPORATE INCOME TAX RATE REDUCTION TRIGGER

SECTION 37.1.(a) G.S. 105-130.3C reads as rewritten:

"§ 105-130.3C. Rate reduction trigger.

(a) Trigger. – If the amount of net General Fund tax collected in fiscal year 2014-2015 or fiscal year 2015-2016 exceeds the ~~anticipated General Fund tax collections~~ targeted amount for that fiscal year, the rate of tax set in G.S. 105-130.3 may be decreased in accordance with this section effective for the taxable year that begins on the following January 1. ~~The amount of net General Fund tax collected for a fiscal year is the amount reported by the State Controller in the State's Comprehensive Annual Financial Report, required to be prepared under G.S. 143B-426.39.~~ The Secretary must ~~monitor the net General Fund tax collections and~~ notify taxpayers if the rate decreases under this section. The rate is decreased by one percent (1%) if net General Fund tax collections for fiscal year 2014-2015 exceed the targeted amount of twenty billion two hundred million dollars (\$20,200,000,000). The rate is decreased by one percent (1%) if net General Fund tax collections for fiscal year 2015-2016 exceed the targeted amount of twenty billion nine hundred seventy-five million dollars (\$20,975,000,000). Effective for taxable years beginning on or after January 1, 2017, the rate of tax set in G.S. 105-130.3 is the rate determined in accordance with this section.

(b) Tax Collections. – For purposes of this section, the amount of net General Fund tax collected for a fiscal year is the amount of net revenue as reported by the Department of Revenue's June Statement of Collection as "Total General Fund Revenue" for the 12-month period that ended the previous June 30, modified as follows:

(1) Less any large one-time, nonrecurring revenue as reported to the Fiscal Research Division of the General Assembly by the Department and verified by the Fiscal Research Division of the General Assembly.

(2) Adjusted by any changes in net collections resulting from the suspension or termination of transfers out of General Fund tax collections."

SECTION 37.1.(b) This section is effective when it becomes law.

MODIFY COUNTY HOLD HARMLESS FOR REPEALED LOCAL TAXES

SECTION 37.2.(a) Effective July 1, 2014, G.S. 105-523 reads as rewritten:

"§ 105-523. County hold harmless for repealed local taxes.

(a) Intent. – It is the intent of the General Assembly that each county benefit by at least ~~five hundred thousand dollars (\$500,000)~~ three hundred seventy-five thousand dollars

1 (\$375,000) annually from the exchange of a portion of the local sales and use taxes for the
2 State's agreement to assume the responsibility for the non-administrative costs of Medicaid.

3 (b) Definitions. – The following definitions apply in this section:

4 ...

5 (2) Hold harmless threshold. – The amount of a county's Medicaid service costs
6 and Medicare Part D clawback payments assumed by the State under
7 G.S. 108A-54 for the fiscal year, less ~~five hundred thousand dollars~~
8 ~~(\$500,000)~~ three hundred seventy-five thousand dollars (\$375,000). A
9 county's Medicaid service costs for fiscal years 2008-2009, 2009-2010, and
10 2010-2011 are determined without regard to the changes made to the Federal
11 Medical Assistance Percentage by section 5001 of the American Recovery
12 and Reinvestment Act of 2009.

13"

14 **SECTION 37.2.(b)** Effective July 1, 2015, G.S. 105-523, as amended by
15 subsection (a) of this section, reads as rewritten:

16 "**§ 105-523. County hold harmless for repealed local taxes.**

17 (a) Intent. – It is the intent of the General Assembly that each county benefit by at least
18 ~~three hundred seventy-five thousand dollars (\$375,000)~~ two hundred fifty thousand dollars
19 (\$250,000) annually from the exchange of a portion of the local sales and use taxes for the
20 State's agreement to assume the responsibility for the non-administrative costs of Medicaid.

21 (b) Definitions. – The following definitions apply in this section:

22 ...

23 (2) Hold harmless threshold. – The amount of a county's Medicaid service costs
24 and Medicare Part D clawback payments assumed by the State under
25 G.S. 108A-54 for the fiscal year, less ~~three hundred seventy-five thousand~~
26 ~~dollars (\$375,000)~~ two hundred fifty thousand dollars (\$250,000). A county's
27 Medicaid service costs for fiscal years 2008-2009, 2009-2010, and
28 2010-2011 are determined without regard to the changes made to the Federal
29 Medical Assistance Percentage by section 5001 of the American Recovery
30 and Reinvestment Act of 2009.

31"

32 **SECTION 37.2.(c)** Effective July 1, 2016, G.S. 105-523, as amended by
33 subsection (b) of this section, reads as rewritten:

34 "**§ 105-523. County hold harmless for repealed local taxes.**

35 (a) Intent. – It is the intent of the General Assembly that each county benefit by at least
36 ~~two hundred fifty thousand dollars (\$250,000)~~ one hundred twenty-five thousand dollars
37 (\$125,000) annually from the exchange of a portion of the local sales and use taxes for the
38 State's agreement to assume the responsibility for the non-administrative costs of Medicaid.

39 (b) Definitions. – The following definitions apply in this section:

40 ...

41 (2) Hold harmless threshold. – The amount of a county's Medicaid service costs
42 and Medicare Part D clawback payments assumed by the State under
43 G.S. 108A-54 for the fiscal year, less ~~two hundred fifty thousand dollars~~
44 ~~(\$250,000)~~ one hundred twenty-five thousand dollars (\$125,000). A county's
45 Medicaid service costs for fiscal years 2008-2009, 2009-2010, and
46 2010-2011 are determined without regard to the changes made to the Federal
47 Medical Assistance Percentage by section 5001 of the American Recovery
48 and Reinvestment Act of 2009.

49"

50 **SECTION 37.2.(d)** Effective July 1, 2017, G.S. 105-523, as amended by
51 subsection (c) of this section, reads as rewritten:

1 **"§ 105-523. County hold harmless for repealed local taxes.**

2 (a) Intent. – It is the intent of the General Assembly that each county ~~benefit by at least~~
3 ~~one hundred twenty five thousand dollars (\$125,000) annually~~ be held harmless from the
4 exchange of a portion of the local sales and use taxes for the State's agreement to assume the
5 responsibility for the non-administrative costs of Medicaid.

6 (b) Definitions. – The following definitions apply in this section:

7 ...

8 (2) Hold harmless threshold. – The amount of a county's Medicaid service costs
9 and Medicare Part D clawback payments assumed by the State under
10 G.S. 108A-54 for the fiscal year, ~~less one hundred twenty five thousand~~
11 ~~dollars (\$125,000) year.~~ A county's Medicaid service costs for fiscal years
12 2008-2009, 2009-2010, and 2010-2011 are determined without regard to the
13 changes made to the Federal Medical Assistance Percentage by section 5001
14 of the American Recovery and Reinvestment Act of 2009.

15"

16
17 **MODULAR/MANUFACTURED HOME SALES TAX**

18 **SECTION 37.3.(a)** G.S. 105-164.13 is amended by adding a new subdivision to
19 read:

20 **"§ 105-164.13. Retail sales and use tax.**

21 The sale at retail and the use, storage, or consumption in this State of the following tangible
22 personal property, digital property, and services are specifically exempted from the tax imposed
23 by this Article:

24 ...

25 (64) Fifty percent (50%) of the sales prices of a modular home or a manufactured
26 home, including all accessories attached when delivered to the purchaser."

27 **SECTION 37.3.(b)** This section becomes effective July 1, 2014, and applies to
28 sales made on or after that date.

29
30 **PHASE IN SALES TAX RATE ON PIPED NATURAL GAS FOR GAS CITIES AND**
31 **CUSTOMERS OF GAS CITIES**

32 **SECTION 37.4.(a)** G.S. 105-164.4(a) is amended by adding a new subdivision to
33 read:

34 "(a) A privilege tax is imposed on a retailer at the following percentage rates of the
35 retailer's net taxable sales or gross receipts, as appropriate. The general rate of tax is four and
36 three-quarters percent (4.75%).

37 ...

38 (14) The rate of three and one-half percent (3.5%) applies to the gross receipts
39 derived from sales of piped natural gas (i) received by a gas city for
40 consumption by that city and (ii) delivered by a gas city to a sales customer
41 or transportation customer of the gas city. For purposes of this subdivision,
42 the following definitions apply:

43 a. Gas city. – A city in this State that operated a piped natural gas
44 distribution system as of July 1, 1998. These cities are Bessemer
45 City, Greenville, Kings Mountain, Lexington, Monroe, Rocky
46 Mount, Shelby, and Wilson.

47 b. Sales customer. – An end user who does not have direct access to an
48 interstate gas pipeline and whose piped natural gas is delivered by
49 the seller of the gas.

c. Transportation customer. – An end user who does not have direct access to an interstate gas pipeline and whose piped natural gas is delivered by a person who is not the seller of the gas."

SECTION 37.4.(b) G.S. 105-164.44L(b) reads as rewritten:

"(b) Excise Tax Share. – The quarterly excise tax share of a city ~~that is not a gas city is~~ the amount of piped natural gas excise tax distributed to the city under repealed G.S. 105-187.44 for the same related quarter that was the last quarter in which taxes were imposed on piped natural gas under repealed Article 5E of this Chapter. ~~The Secretary must determine the excise tax share of a gas city and divide that amount by four to calculate the quarterly distribution amount for a gas city. The excise tax share of a gas city is the amount the gas city would have received under repealed G.S. 105-187.44 for the last year in which taxes were imposed under repealed Article 5E of this Chapter if piped natural gas consumed by the city or delivered by the city to a customer had not been exempt from tax under repealed G.S. 105-187.41(c)(1) and (c)(2). A gas city must report the information required by the Secretary to make the distribution under this section in the form, manner, and time required by the Secretary. For purposes of this subsection, the term "gas city" has the same meaning as defined in repealed G.S. 105-187.40.~~ The determination made by the Department with respect to a city's excise tax share is final and is not subject to administrative or judicial review.

The excise tax share of a city that has dissolved, merged with another city, or divided into two or more cities since it received a distribution under repealed G.S. 105-187.44 is adjusted as follows:

- (1) If a city dissolves and is no longer incorporated, the excise tax share of the city is added to the amount distributed under subsection (c) of this section.
- (2) If two or more cities merge or otherwise consolidate, their excise tax shares are combined.
- (3) If a city divides into two or more cities, the excise tax share of the city that divides is allocated among the new cities in proportion to the total amount of ad valorem taxes levied by each on property having a tax situs in the city."

SECTION 37.4.(c) G.S. 105-164.44L(a) reads as rewritten:

"(a) Distribution. – The Secretary must distribute to cities twenty percent (20%) of the net proceeds of the tax collected under G.S. 105-164.4 on piped natural gas, less the cost to the Department of administering the distribution. Each city's share of the amount to be distributed is its excise tax share calculated under subsection (b) of this section plus its ad valorem share calculated under subsection (c) of this section. A gas city will also receive an amount calculated under subsection (b1) of this section as part of its excise tax share. If the net proceeds of the tax allocated under this section are not sufficient to distribute the excise tax share of each city under subsection (b) of this section, section and the gas city share under subsection (b1) of this section, the proceeds shall be distributed to each city on a pro rata basis. The Secretary must make the distribution within 75 days after the end of each quarter."

SECTION 37.4.(d) G.S. 105-164.44L is amended by adding a new subsection to read:

"(b1) Gas Cities. – In addition to the excise tax share calculated under subsection (b) of this section, a gas city shall receive as part of its excise tax share a distribution calculated under this subsection. The Secretary must determine the amount the gas city would have received under repealed G.S. 105-187.44 for the last year in which taxes were imposed under repealed Article 5E of this Chapter if piped natural gas consumed by the city or delivered by the city to a customer had not been exempt from tax under repealed G.S. 105-187.41(c)(1) and (c)(2), divide that amount by four to calculate the quarterly distribution amount for a gas city under this subsection. A gas city must report the information required by the Secretary to make the distribution under this section in the form, manner, and time required by the Secretary. The determination made by the Department with respect to a gas city's share under this subsection is

1 final and is not subject to administrative or judicial review. For purposes of this section, the
2 term "gas city" is a city in this State that operated a piped natural gas distribution system as of
3 July 1, 1998. These cities are Bessemer City, Greenville, Kings Mountain, Lexington, Monroe,
4 Rocky Mount, Shelby, and Wilson."

5 **SECTION 37.4.(e)** Subsection (a) of this section becomes effective July 1, 2014,
6 and expires July 1, 2015. Subsection (b) of this section is effective for quarters beginning on or
7 after July 1, 2014. Subsections (c) and (d) of this section are effective for quarters beginning on
8 or after July 1, 2015.

9
10 **PART XXXVIII. MISCELLANEOUS PROVISIONS**

11
12 **EFFECTIVE DATE**

13 **SECTION 38.8.** Except as otherwise provided, this act becomes effective
14 July 1, 2014.